GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5450
ANSWERED ON:22.12.2000
ACTION AGAINST DELISTED COMPANIES
NARESH KUMAR PUGLIA

Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India (SEBI) has delisted many companies from the BSE and NSE;

(b) if so, the name of these companies and the reasons therefor;

(c) the loss being caused to the shareholders as a result thereof; and

(d) the manner it is proposed to be make up the loss?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

(a) to (d) : The Securities and ExchangeBoard of India (SEBI) does not delistcompanies from stock exchanges. The listing of securities of companies is governed by the listing agreement between the stock exchange and the companies. The delisting of a company by the stock exchange may be on account of the following reasons :

(i) violation of any of the clauses of the listing agreement;

(ii) any disciplinary action against the company;

(iii) due to amalgamation, liquidation, court orders, redemption of bonds, etc.,

(iv) under the SEBI (Substantial Acquisition and Takeovers) Regulations, 1997.

In addition, companies may also get their securities delisted from a stock exchange on their own by following the voluntary delisting guidelines framed by SEBI.Prior to delisting, notices are given by stock exchanges to investors regarding delisting of a security and an exit opportunity is provided to the holders of such securities.